

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**RESPONSE OF THE ATTORNEY GENERAL TO THE
RECORD REQUESTS FROM
THE DEPARTMENT
D.T.E. 05-27**

Dated: August 9, 2005

Responsible Party: Timothy Newhard

Record Request DTE-118: Please calculate an estimate of that profit during the rate year, taking into account the proposed debt ratio by the Company and the proposed return on common equity under the proposed weighted average cost of capital, and compare it with the cost of short-term debt difference in the Company's proposed revenue requirement when short-term debt is included in the capital structure.

Response: The attachment shows that the Company's proposed capital structure recovers more than \$12 million in extra return and taxes when compared to a capital structure that includes all of the Company's sources of capital including short-term debt and allows for the capital requirements associated with the Company's gas costs.